



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
200 STOVALL STREET
ALEXANDRIA, VA 22332

Ser ACQ/98-047

11 JUN 1998

From: Commander, Naval Facilities Engineering Command
Subj: SERVICE CONTRACT ACT HEALTH AND WELFARE RATE (98-34)
Ref: (a) NAVFACENGCOM ltr Ser 97-107 dtd May 30, 1997
Encl: (1) Department of Labor All Agency Memorandum (AAM)
#191


1. As indicated in reference (a), the Department of Labor revised the methodology utilized to determine appropriate Service Contract Act (SCA) health and welfare (H&W) benefit levels on Area Wage Determinations. The initial application of the new methodology provided an increase in the lower-level H&W rate from \$0.90 per hour to \$1.16, effective June 1, 1997. It was further noted in reference (a) that future increases would be effected June 1 of subsequent years.

2. Enclosure (1) provides notice that the Department of Labor has revised the SCA H&W rate again, effective June 1, 1998, to \$1.39 per hour (\$0.48 in Hawaii). This revision will be effective in contract actions by application of the timeliness noted in FAR 22.1012. Specifically, the revised H&W rate will be applicable to any invitations for bid if the H&W revision date (June 1, 1998) has occurred no less than ten days prior to bid opening. For contract actions other than invitations for bid (including requests for proposal and modifications to exercise options), the H&W revision is applicable to the resulting contract (or option) if the H&W revision date occurred prior to award (or the date of the modification to exercise the option). Note that if performance on these latter contract actions starts more than 30 days from the date of award or modification, the revised H&W rate is applicable if notice was received no less than ten days prior to performance start.

3. Contracting offices utilizing the Wage Determination On-Line (WDOL) program are instructed to obtain the most current wage determination from the on-line database. Contracting offices which do not have access to the WDOL program wage determinations may make pen-and-ink changes to the H&W rate on the current wage determination in the solicitation.

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4. If you have questions regarding applicability of the new H&W rate, please contact your activity labor specialist.


C. DIANE TRUMAN
Command Labor Advisor

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U. S. Department of Labor

Employment Standards Administration
Wage and Hour Division
Washington, D.C. 20210



MAY 7 1998

MEMORANDUM NO.191

TO ALL CONTRACTING AGENCIES OF THE FEDERAL
GOVERNMENT AND CONTRACTING AGENCIES OF THE
DISTRICT OF COLUMBIA FROM

FROM: JOHN R. FRASER
ACTING ADMINISTRATOR

SUBJECT: Service Contract Act Health and Welfare Fringe Benefit Changes

In accordance with the requirements of section 4.52 of Regulations, 29 CFR Part 4, the prevailing health and welfare fringe benefits issued under the McNamara O'Hara Service Contract Act (SCA) will be increased on June 1 1998. As prescribed by the phase-in schedule provided in section 4.52(b), the current fringe benefit rate of \$1.16 per hour will be increased by one-third of the difference between the current rate and the total benefit amount derived from the latest Bureau of Labor Statistics Employment Cost Index (ECI) summary of Employer Costs for Employee Compensation. Applying this methodology (one-third of the difference between \$1.16 and \$1.85), produces a **new SCA health and welfare single benefit rate of \$1.39 per hour or \$55.60 per week or \$240.93 per month.**

Solicitation/Contracts Affected

All Invitation for Bids opened, or other service contracts awarded on or after June 1, 1998, must include an updated SCA WD issued in accordance with the regulatory health and welfare fringe benefit determination methodology. In order to facilitate processing of solicitations that currently contain WDs with the \$1.16 per hour benefit level, contracting agencies may make pen and ink changes to effect the fringe benefit rate increases on the WDs that have been issued for the procurement rather than await receipt of a revised WD with the new fringe benefit rate.

Wage Determinations for the State of Hawaii

Consistent with past practices, and in recognition of the fact that Hawaii law requires employers to provide health benefit coverage for most employees, SCA WDs for Hawaii will continue to exclude the health insurance portion. The new SCA benefit level for Hawaii is based on the sum of benefits contained in the ECI data excluding vacations, holiday, and health insurance for all employees in private industry. The new Hawaii benefit level will be phased-in in the same manner as all other benefits. **Effective June 1, 1998, the new SCA fringe benefit rate for Hawaii will be \$.48 per hour.**